

Message Text

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E.O. 11652: N/A
TAGS: EPAP, ETRD, JM
SUBJECT: JAMAICA AND CHINA SIGN J\$7.9 MILLION AGREEMENT
FOR TEXTILE MILL EQUIPMENT

1. THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA IS TO SUPPLY JAMAICA WITH J\$7.9 MILLION WORTH OF MACHINERY AND OTHER EQUIPMENT TO BE USED FOR THE SETTING UP OF A COTTON-POLYESTER SPINNING AND WEAVING MILL ON THE SITE OF A FORMER JUTE MILL IN OLD HARBOUR, ST. CATHERINE. THE AGREEMENT WAS SIGNED ON SEPTEMBER 21 BY JAMAICA'S INDUSTRY MINISTER DANNY WILLIAMS AND THE CHINESE AMBASSADOR TO JAMAICA WANG CHUNG LI AT THE MINISTRY OF INDUSTRY AND COMMERCE IN KINGSTON.

2. MINISTER WILLIAMS NOTED THAT THE PROJECT WAS MADE POSSIBLE UNDER A TECHNICAL AND ECONOMIC COOPERATION AGREEMENT SIGNED BETWEEN THE TWO GOVERNMENTS IN FEBRUARY 1974 WHEN THE GOJ REQUESTED CHINA'S ASSISTANCE IN THE DEVELOPMENT OF ITS TEXTILE INDUSTRY.

3. CONSTRUCTION OF THE MILL, ALREADY IN ITS INITIAL STAGE, IS ESTIMATED TO COST J\$18 MILLION OF WHICH THE GOJ WILL CONTRIBUTE J\$10.2 MILLION TO COVER WORKING CAPITAL, LAND, BUILDING AND INSTALLATIONS, WHILE CHINA WILL PROVIDE A
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J\$7.9 MILLION, 20-YEAR INTEREST-FREE LOAN IN THE FORM OF MACHINERY. THE MACHINERY IS EXPECTED TO ARRIVE IN JAMAICA IN ANOTHER 1 MONTHS. CHINA WILL ALSO BE PROVIDING ASSISTANCE IN THE FORM OF CIVIL ENGINEERS TO OVERSEE CONSTRUCTION, TECHNICIANS TO ASSIST IN THE INSTALLATION OF THE MACHINERY, AND A PRODUCTION TEAM TO HELP TRAIN THE LOCAL WORKFORCE.

4. ACCORDING TO MINISTER WILLIAMS, THE NEW TEXTILE MILL, SCHEDULED TO START OPERATION BY 1981, WILL MANUFACTURE SOME FOUR MILLION SQUARE FEET OF COTTON-POLYESTER FABRIC ANNUALLY. AT PRESENT THE DOMESTIC MARKET FOR THE FABRIC IS APPROXIMATELY 10 MILLION SQUARE FEET PER ANNUM, WITH THE MAJOR PERCENTAGE BEING SUPPLIED BY OVERSEAS SOURCES. THE MINISTER SAID THAT THE MILL'S OPERATIONS WILL NOT ONLY SERVE AS A SOURCE OF EFFECTING "CONSIDERABLE SAVING" IN FOREIGN EXCHANGE, BUT WILL PROVIDE EMPLOYMENT FOR OVER 800 JAMAICANS. IN ADDITION, ANNUAL REVENUE FROM THE VENTURE WILL BE IN THE REGION OF J\$11.3 MILLION.

5. EMBASSY WAS INFORMED BY MINISTRY OF INDUSTRY AND COMMERCE OFFICER THAT SOURCES OF RAW MATERIALS FOR THE TEXTILE MILL WILL BE EXPLORED AFTER APPOINTMENT OF A PROJECT OFFICER.
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